

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 H-01 L-03 DODE-00 PA-01 HA-05 IO-13
MCT-01 /125 W
-----040795 242218Z /70

R 241522Z APR 78
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 8088
INFO AMEMBASSY LONDON
AMEMBASSY PRETORIA
AMCONSUL CAPETOWN
AMCONSUL IBADAN
AMCONSUL KADUNA

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CAPETOWN FOR EMBASSY

E.O. 11652: N/A
TAGS: EFIN, EINV, SHUM, MX, . *

REF: LAGOS 3669

1. EMBOFF AND CONOFF IBADAN LEARNED RECENTLY FROM STANDARD BANK
EXPATRIATES THAT STANDARD IS ABRUPTLY CUTTING ITS EXPATRIATE STAFF
FROM 43 TO 30 THIS MONTH. AFFECTED OFFICIALS WERE INFORMED EARLY
MID-APRIL AND WILL BE GONE BY MONTH END. BOTH SOURCES
ATTRIBUTED CUT TO STANDARD'S SOUTH AFRICAN CONNECTIONS AND TO
RECENT HIGHLY-PUBLICIZED NIGERIAN GOVERNMENT ACTION AGAINST
BARCLAY'S ALLEGEDLY FOR DEFIANTLY INVESTING IN SOUTH AFRICAN
DEFENSE BONDS. LAGOS STANDARD OFFICIAL SAID BANK REDUCING
EXPATRIATE STAFF VOLUNTARILY BEFORE BEING ORDERED TO DO SO WHILE
IBADAN STANDARD OFFICIAL SAID CUT WAS QUIETLY ORDERED BY
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GOVERNMENT AT BEGINNING OF APRIL. ALTHOUGH CUTBACK HAS BEEN IN
PROCESS FOR A FEW WEEKS, THERE HAS BEEN NO PUBLICITY TO DATE.

2. COMMENT: LOW-KEY NIGERIAN HANDLING OF STANDARD CONTRASTS
WITH SHARP AND HIGHLY-PUBLICIZED ATTACK ON BARCLAYS, WHICH
CAME ON ANTI-APARTHEID DAY. MORAL SEEMS TO BE THAT STANDARD'S
SOUTH AFRICAN INVOLVEMENT IS TOO BIG TO IGNORE, SINCE

GOVERNMENT IS MAJOR SHAREHOLDER IN STANDARD HERE, BUT BANK HAS NOT PROVOKED GOVERNMENT BY PUBLICLY DEFYING ITS LARGELY UNWRITTEN RULES FOR FIRMS ACTIVE IN BOTH SOUTH AFRICA AND NIGERIA. THERE IS LITTLE DOUBT THAT CUTBACK STEMS FROM STANDARD'S SOUTH AFRICAN CONNECTIONS AND WAS SOMEHOW ORDERED BY GOVERNMENT, .ALBEIT DISCREETLY. STANDARD OFFICIALS SAY BANK HAS GOOD RELATIONSHIP WITH GOVERNMENT. CUTBACK AND ITS HANDLING MAY HAVE OTHER GOALS:

- 1) IT INCREASED NIGERIANIZATION OF STANDARD IN LINE WITH STANDING GOVERNMENT POLICY;
- 2) IT RESTORES PARITY IN NIGERIANIZATION WITH BARCLAYS AND UNITED BANK FOR AFRICA, THIRD LARGEST HERE AFTER STANDARD AND BARCLAYS AND ONE WHICH HAS MADE MORE PROGRESS IN NIGERIANIZING;
- 3) IT PERMITS GOVERNMENT TO ENFORCE ITS ANTI-APARTHEID POLICY AND PROTECT ITSELF FROM CHARGES OF HYPOCRISY OR FAVORITISM WITHOUT FURTHER FRIGHTENING FOREIGN INVESTORS, WHOSE VALUE IS MORE APPRECIATED HERE LATELY. LESSON FOR AMERICAN AND OTHER FOREIGN BANKS ACTIVE IN BOTH NIGERIA AND SOUTH AFRICA IS NOT ENTIRELY CLEAR BUT OUR JUDGEMENT IS THAT THEY ARE FAIRLY SAFE SO LONG AS THEY MAINTAIN A LOW PROFILE IN SOUTH AFRICA. POLL OF OTHER BACR REVEALS THAT NONE HAVE HAD

EXPATRIATE QUOTAS CUT DRASTICALLY NOR HAVE ANY COME UNDER FIRE FOR THEIR INVESTMENTS IN SOUTH AFRICA.

WYMAN

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NNN

Message Attributes

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